

# Monthly Economic Newsletter



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## KEY DATA

**Inflation.** The Government statistics agency (INDEC) reported a monthly CPI increase of 4.9%, unexpectedly below the private sector forecasts close to 6.1%.

## HIGHLIGHTS

**Argentina: towards a hard 2023.** The current drought will lead to an unambiguous shortage of grains, oilseed, and foreign currency inflows. The Gov't agreed significant hikes in public utility charges with the IMF that will push up inflation rates next year. It is highly likely given the unchanged environment of contract indexation, excess supply for domestic currency and excess demand for both commodities and foreign currency.

**The world in 2023.** The global economy enters 2023 with the well-known problems linked to the Covid pandemics and the Russian invasion to Ukraine. Further monetary tightening will prevail worldwide to curb inflation. This has raised concerns about a global downturn next year, but it is not expected to be much more than a modest recession.

**Crypto assets on the downside.** The FTX bankruptcy triggered a series of external audits on the crypto exchanges. However, the crypto lender BlockFi filed for bankruptcy, and last December 12 Binance had to temporarily freeze USDC stablecoin withdrawals as rattled investors pulled over U\$S 2 Bn in funds.

## LOOKING AHEAD

**Towards a 'quiet' summertime?** No perturbations are expected after this month increases in lump-sum wage, pensions, and Gov't transfers. However, local financial markets will remain expectant while monthly Gov't debt payments escalated to AR\$ 1 Trillion - AR\$ 3 Trillion (between U\$S 5.8 Bn and U\$S 17.5 Bn) from January to September 2023.

**Peru in crisis.** The imprisonment of the ex-president Castillo after his failed attempt to close the Parliament, triggered a series of clashes between Castillo's supporters and security forces. The government installed the state of emergency and ordered the Army to protect airports, electric plants and all the main infrastructure in the country. In the meantime, the 21 main highways remain blocked, all the airports are closed, and around 700 tourists remain stuck in the Machu Picchu area.